

# Arizona Department of Transportation - Guidance on purchasing a pre-owned vehicle and vehicle liens

**Please Note:** On October 8, 2012, Maricopa County Department of Finance extracted the following guidance from the Arizona Department of Transportation – Motor Vehicle Division (MVD) website. Maricopa County does not monitor changes to the information below and is not responsible for its content. The information provided is for informational purposes only. To ensure the most current information, please view the MVD site at <http://www.azdot.gov/mvd/vehicle/watch-for-liens.asp>. If you need further guidance or have questions, please contact the MVD directly. MVD contact information can be obtained at <http://www.azdot.gov/mvd/contact.asp>. Maricopa County Department of Finance had made changes to the MVD guidance and is shown in the yellow highlights below.

## **Buying a pre-owned vehicle? Watch for liens!**

If you purchase a vehicle with a lien, you are responsible for payment of that lien before you can transfer the title into your name.

**Liens fall into two general categories:**

### ***Financial liens:***

- Appear on the front of the title, in the space marked "Lienholders."
- Are generally for a defined period of time.
- When paid/satisfied, the vehicle owner receives a "lien release."
- Owner may take the lien release to MVD or an authorized Third Party office to obtain a new title.
- Or, the vehicle owner may give the buyer the signed and notarized title with a lien release from the lender.

### ***Other liens:***

- Can be added electronically and are not shown on the title.  
Are not for a defined period of time and can be added or deleted at any time. Example: If a vehicle owner owes child support fees (Child Support lien) or court fines/fees (Operation of Law lien), a lien can be placed on the vehicle record that prevents the title from being transferred to a new owner until those fines/fees are paid.  
**This may also include a Criminal Restitution Lien pursuant to Arizona Revised Statute (A.R.S) §13-806 which can be found at the following link: <http://www.azleg.gov/ArizonaRevisedStatutes.asp>.**
- Must be paid before you can transfer the title into your name.

## **How can I protect myself from purchasing a vehicle with a lien?**

- Buyer and seller should go to MVD or an authorized Third Party office together to transfer the title. Many Third Party offices are open evenings and weekends.
- Do not pay for the vehicle until you have verified the title can be transferred.

Please note: New liens are added to vehicles every day, therefore, you are taking a risk if you check the record and then pay for the vehicle a later time.

## **Purchasing a Vehicle From a Private Seller**

- Ask to see the title of the vehicle. You the buyer, should insist that the seller provide a properly signed and notarized title at the time the vehicle is delivered. Do not accept other documents, such as a notarized bill of sale, or registration in place of a title.
- Ask for photo ID to verify that the seller is the vehicle owner.
- Check the front of the title. Does it describe the vehicle you are purchasing? Physically verify that the vehicle identification number (VIN) on the title and the vehicle match. Generally the VIN is located on the driver's side where the dash meets the windshield.
- Look at the Type, Status or Brand areas on the front of the title. If you see the word "dismantling", "salvage", or "restored salvage", the vehicle may have been dismantled and rebuilt; may have been stolen and recovered with damage; or may have been badly damaged in an accident and repaired. This "branding" is for the buyer's protection. It lets you know that the vehicle has probably been rebuilt in some

way. You should take it to a good repair and body shop for a thorough inspection before you purchase the vehicle.

- If the words "reconstructed", "specially constructed", or "homemade" appears anywhere on the title, the vehicle was rebuilt or built from scratch. Check the VIN on the title. The title might show that a state serial number was issued. This is particularly true on homemade vehicles or trailers and therefore the manufacturer's VIN on the vehicle is no longer a proper VIN. If the state (AZ, CA, CO, etc.) issued serial number cannot be located on the vehicle, you will likely have problems obtaining a title and registration.
- Protect yourself from purchasing a vehicle with a lien. – Start by looking at the front of the title to see if there is a lienholder recorded. A lienholder is a person who has a legal interest in the vehicle. This type of lien is referred to as a "financial lien" and is placed by a bank or other lending institution as the result of a loan made when the vehicle was purchased by the current owner.

The seller must have a notarized paid receipt (lien release) from the lienholder describing the vehicle, the name of the seller and the date and amount of the lien. The seller must give you the original paid receipt along with the title. Be sure to verify that all the information on the paid receipt matches the information on the title.

In addition to financial liens, which are recorded on the vehicle title, other types of liens can be added electronically and are not shown on the title. These liens are not for a defined period of time and can be added or deleted at any time. Example: If a vehicle owner owes child support or court fines/fees, a lien can be placed on the vehicle record that prevents the title from being transferred to a new owner until those fines/fees are paid. These liens must be paid before you can transfer the title into your name. This may also include a Criminal Restitution Lien pursuant to Arizona Revised Statute (A.R.S) §13-806 which can be found at the following link: <http://www.azleg.gov/ArizonaRevisedStatutes.asp>

To protect yourself ask the seller to go with you to MVD or an authorized Third Party office to transfer the title. Do not pay for the vehicle until you have verified the title can be transferred. Many Third Party offices are open evenings and weekends.

Please note: New liens are added to vehicles every day, therefore, you are taking a risk if you check the record and then pay for the vehicle a later time.

- Look at the "Legal Status" section on the front of the title to see if there is more than one owner. The Legal Status terms "AND" and "AND/OR" require the signatures of all owners. Legal status "OR" by itself requires only one of the owners to sign.
- Look at the seller's signature on the back of the title. **Signatures must be notarized** before the title can be transferred. Verify that the seller is the owner printed on the title. If someone other than the owner signs the title as seller, he or she must have authorization such as a notarized power of attorney or court order. The seller must give you a certified copy or the original document authorizing them to sign the title (and lien release, if applicable).
- Arizona law requires that the title must be in the seller's name. If the seller's notarized signature is already on the title and you are purchasing the vehicle from someone other than the seller, you may be purchasing a vehicle from an illegal dealer or "curbstoner". The original owner has already sold the vehicle and probably has notified MVD of the sale. If something goes wrong with the transfer of title, you may not be able to find that middle man or "curbstoner" that you paid for the vehicle, to straighten out any problems.
- Licensed dealers must have an *Off Premises Exhibition Permit/ Off Premises Display And Sales Permit* in order to sell from locations other than their established business location. If you're buying off of a street corner from an individual and the seller claims to be a licensed dealer, notify us at 602-712-6838.
- Be extremely careful when considering the purchase of a vehicle titled or registered in a foreign country. It must meet federal Department of Transportation (DOT) and Environmental Protection Agency (EPA) standards. Vehicles that were not manufactured for export to the U.S. (grey market), do not conform to federal DOT and EPA standards unless proper conversions have been made. This would result in title and registration being denied in the U.S. The cost of conversion may be several thousand dollars and must be done at a federally licensed, independent commercial conversion shop.

As the new owner of the vehicle, you must apply for a new title at any MVD or authorized Third Party office within 15 business days from the date of purchase, to avoid penalty charges.

Arizona is a title holding state. If you are purchasing the vehicle on payments, the seller should record the lien on the title, and then hold the title until you have paid off the loan. Once the loan is paid in full, the seller will endorse the lien release on the front of the title and mail the title to you. When showing proof of ownership, present your completed validated application for title or your annual validated registration renewal. If you attempt to register a vehicle without a title you may be required to purchase a bond from an insurance company, which is time consuming and an added expense.